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C O N F I D E N T I A L SECTION 01 OF 03 BUCHAREST 001003

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SUBJECT: GEOANA WINS SOCIAL DEMOCRATIC PARTY PRESIDENCY;
DEMOCRACY COMES TO ROMANIA'S OPPOSITION

REF: BUCHAREST 982

Classified By: Political Section Chief Robert S. Gilchrist for Reasons
1.4 B and D

1. (C) Summary. In a move that surprised the media and nearly all of Romania's political class, former Foreign Minister Mircea Geoana won the presidency of Romania's opposition Social Democratic Party (PSD) in the early hours of April 22 at a dramatic party congress. Other reformers within the party -- including former Interior Minister Ioan Rus -- also gained key slots in the leadership. Although former President Ion Iliescu was the frontrunner up until a day before the vote, his gaffes during the party congress as well as the first-ever use of a secret ballot inside the party turned the tide of delegates against him. Although some of the PSD old guard remain in the top tiers, delegates declined to elect several of the most controversial PSD heavyweights to senior positions. Iliescu's involuntary exit signals the end of an era, and marks the commitment of mainstream PSD members to break with the party's communist past. End Summary.

"Comrade" Iliescu Stumbles

2. (C) More than 1500 PSD delegates gathered April 21 in Bucharest's Palace Hall for the party's biannual congress. The congress was the first major meeting of the rank-and-file since the PSD's fall from power after the defeat of PSD candidate and former Prime Minister Adrian Nastase in December 12 presidential elections. In the weeks leading up to the congress, PSD heavyweights had attempted to choreograph an outcome for the congress in backroom meetings and elaborate power sharing arrangements. Iliescu was slated to be voted party President and Nastase as Executive President, with other key party "barons" returned to senior leadership slots. Nonetheless, in the words of one PSD insider, events during the congress "turned these arrangements upside down." The PSD was clearly "gasping for democratic air..... it finally arrived."

3. (C) The backroom deals began to crumble in the Congress' first hour when Iliescu announced to the assembled delegates that we would give the floor to "Comrade" Nastase, a taboo term since the fall of communism. Although he quickly retracted his slip of the tongue, the delegates reacted with a collective gasp of astonishment, shocked laughter and a buzz of conversation that continued for the next several minutes. A few minutes later, Nastase attempted to make light of Iliescu's faux pas by addressing his remarks to "friends, colleagues and comrades." Delegates laughed appreciatively, but Iliescu's untoward remark hung in the air for the rest of the Congress. Some delegates remarked to PolOffs that Iliescu -- who chaired most of the proceedings -- strangely came across throughout the congress as an odd mix of a "befuddled grandfather" and "old school party apparatchik." His calls for votes by acclamation on organizational matters even resembled the structure of a Ceausescu era party meeting, with no calls for dissenting votes or abstentions. While many delegates expected that former FM Geoana would receive a respectable showing in his challenge against Iliescu for the party presidency, it was Iliescu's poor performance during that day that tipped the balance firmly in Geoana's favor.

4. (C) The nail in the coffin for Iliescu's bid to return to the helm of the party he founded was his wooden delivery in his two addresses to the assembled delegates. He offered no new vision for a party still trying to define itself after its December defeat and beleaguered by continued allegations of corruption and communist old-think. Rather than imparting inspiration and wisdom as some PSD contacts said they had hoped to hear, he simply said he had "no personal ambitions" and claimed to have the experience, authority, and morality necessary for returning to the helm of the PSD. He also called himself a "coagulant" who could bring the party together. Instead, as one PSD contact joked to PolOff, his support continued to "hemorrhage" throughout the day and evening.

5. (C) In stark contrast, a youthful and energetic Geoana delivered, in the words of Nastase, "the best speech of his

political career." Geoana stated that he had delayed throwing himself into the competition for the party presidency because he expected a "top-down reform" that never came. He said now was the time to begin a "bottom-up transformation" to revitalize the party, and he promised delegates that he and other key reformers could effect that change. He referred to the previous weeks as "devastating" for the party, due partially to a growing scandal involving Syrian Businessman Omar Hayssam and some of PSD's most senior leaders. (Note: Credible reports tie Hayssam to the kidnapping of three Romanian news people in Iraq in a complicated scheme to launder money and/or escape judicial attention for various economic crimes.) He hoped for a PSD that "members would be proud of again" and urged delegates to end their current inertia in favor of implementing needed change. He extended an olive branch to Iliescu, assuring him that he would always have an important place in the party. However, he criticized his rival for failing to willingly step down in favor of the next generation.

16. (C) Geoana's calls for reform did not occur in a vacuum; he was preceded by a series of like-minded speakers who called for reform in the party, including his ally and former Interior Minister Ioan Rus, who proclaimed "a lack of vision is worse than blindness.... we need leaders who transform vision into action." He maintained that PSD "could not afford to move backwards." Rus also pointed out that PSD was failing to attract young voters, including the children of its own members. Rus' call for reform, coupled with his private support for Geoana, proved to be critical in turning the crowd.

A Sea Change for PSD

17. (C) The rising tide against Iliescu turned into a tsunami when key party leaders began to shift their support towards Geoana throughout the day. A key player was Mitrea, who has a strong local base in Vrancea county and developed an extensive network of friends and allies during his tenure as Transport Minister in the last government. Mitrea and his base were miffed by Iliescu's refusal to support the latter's candidacy for the party's number three slot of Secretary General. Mitrea -- along with several local leaders in his camp -- reportedly openly urged delegates in the lobby of the convention site to vote for Geoana. According to one contact, Mitrea easily swayed support towards Geoana by as much as 200-300 votes. At the same time, Rus' group, comprised loosely of delegates from ten Transylvania counties, brought several hundred additional votes for Geoana. Rus also urged his delegates to support Mitrea, in exchange for Mitrea's support for Geoana. Meanwhile, one PSD insider told post that PSD stalwarts -- Viorel Hrebenciuc, Octav Cozmanca, Dan Matei Agathon, and Dan Ion Popescu -- attempted to keep together alliances that they had relied on since the early 1990's. However, their pleas "fell upon deaf ears," as many delegates and emerging leaders saw them as liabilities for the party.

Secret Ballot "Liberates" Party

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18. (C) At the same time, the implementation of a secret ballot was also fundamental in the outcome of the vote. The decision to move in this direction came as result of immense pressure after the December defeat to present a clear image of internal democratic reform. All previous elections for the PSD leadership had been orchestrated in backrooms without competition. PSD contacts confess openly that if that had been the formula again, Iliescu would have not even been challenged. In a speech at the congress, former PSD vice-president Sorin Oprea asserted that the secret ballot was fundamental for party reform, as from then on no one could predetermine "who, how or what" the party would be. He compared the institution of secret ballots with the liberation of "slaves on a plantation." While various leaders were seen hovering by voting booths to pressure delegates, several PSD contacts told post that this was by far the most free internal vote the PSD rank-and-file have ever had.

Others At The Top

19. (C) Beyond Geoana's surprise victory, key reformers made headway in gaining other important positions in the new leadership structure, including seven of the eleven party vice presidencies. These include Rus; former Finance Minister Mihai Tanasescu; former Agriculture Minister Ilie Sarbu; former IT Minister Dan Nica; former party spokesperson Titus Corlatean; and leader of the PSD Women's Organization Rovana Plumb. However, several old faces remain. In fact, the number two and three slots in the party will be filled by Nastase as Executive President and Mitrea as Secretary General. Mitrea is closely associated with the old guard, whereas Nastase maintains important links both with party stalwarts and reformists. In additions, four solid Iliescu

allies were among those elected to the eleven party vice president slots. These include respected ex-DefMin Ioan Mircea Pascu; Senate President Nicolae Vacaroiu; former Chamber of Deputies President Valer Dorneanu; and, Iliescu protege and longstanding adviser Corina Cretu.

¶10. (C) However, some of the PSD's most controversial longstanding political operatives, including several Iliescu allies, either failed to run for a VP slot or did not muster enough votes to win a position. Failed candidates include Bacau-based behind-the-scenes power broker Viorel Hrebenciuc, longstanding Iliescu crony and former national security adviser Ioan Talpes, Iliescu ally Dan Ioan Popescu, and ex-Tourism Minister Agathon. All four have been publicly linked with high profile corruption scandals. Perhaps sensing the handwriting on the wall, several other prominent PSD pols and longtime Iliescu allies declined to run for VP posts: Octav Cozmanca, Serban Mihaelescu, Ion Salcanu, and Doru Ioan Taracila.

Comment: What a Difference a Day Makes

¶11. (C) Many analysts have likened Geoana's surprise ascension in the PSD to the December 12 surprise victory of center-right President Traian Basescu. Both events are milestones in Romania's democratic development, representing a clear break with the country's communist past. For the first time ever, the majority of PSD senior leaders do not track their roots to the senior levels of the former communist party. Geoana, Rus, and other reformers will continue to face entrenched opposition from some segments of the old guard, notably Mitrea and Nastase who remain in powerful positions. Also not to be underestimated is the economic and political clout of entrenched local organizations. Nonetheless, the reformers' victory means the PSD will now be better positioned to address the allegations of corruption and stagnation that have plagued the party for more than a decade. More fundamentally, these fresh but well-known faces may also ensure the PSD survives as a political force for the next elections and beyond.

¶12. AmEmbassy Bucharest's Reporting telegrams, as well as daily press summaries, are available on the Bucharest SIPRNet website: www.state.sgov.gov/p/eur/bucharest
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